

April 2003



North Dakota REV-E-NEWS

**From Pam Sharp, Interim Director
Office of Management and Budget
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

The national economy has been paralyzed by the conflict with Iraq. While the economy is expected to make a comeback, it won't be immediate. Businesses have been cutting payrolls, travel, and investments, and consumers have become increasingly more cautious. An early indication of whether the economy is turning around as anticipated will be whether businesses begin to rebuild depleted inventories.

Even though current economic statistics are not great, the economy is expected to quickly stabilize and soon resume expanding. This optimism is based on the expectation that depressed investor, business, and consumer confidence will rally in the wake of the Iraqi conflict.

Already, stock prices have rebounded by about 10 percent since mid-March, and *Economy.com*'s sur-

vey of business confidence has regained nearly one-half of the decline experienced in the weeks leading up to the war. However, given all that investors, businesses, and consumers must still contend with, *Economy.com* believes it is not likely that the economy will be in full swing until this time next year.

Page 2 of this newsletter compares the March revenue collections to the 2003 Legislative forecast for 2001-03 biennium. Based on the new forecast, March revenue collections exceeded projections by \$4.9 million, primarily due to the fact that March's sales tax collections picked up February's sales tax shortfall. Biennium-to-date collections are \$1.3 million below projections.

Have a wonderful
Easter!



Oil Activity

North Dakota has 14 oil rigs drilling now compared to 10 last year at this time. The current price of oil is in the range of \$23.50 per barrel.



Comments or Questions???

Call
Pam Sharp, Interim Director
Phone: 701-328-4904
Fax : 701-328-3230
E-mail : sfranklin@state.nd.us

Visit the North Dakota web site at
www.discovernd.com

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to March 2003 Legislative Forecast
2001-03 BIENNIUM
March 2003

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	March 2003 Forecast	Actual	Variance	Percent	March 2003 Forecast	Actual	Variance	Percent
Sales Tax	18,587,000	22,457,090	3,870,090	20.8%	560,320,672	559,971,838	(348,834)	-0.1%
Motor Vehicle Excise Tax	5,394,000	4,413,996	(980,004)	-18.2%	105,193,068	103,799,574	(1,393,494)	-1.3%
Individual Income Tax	1,200,000	1,191,476	(8,524)	-0.7%	324,616,035	324,591,904	(24,131)	0.0%
Corporate Income Tax	8,817,000	9,806,181	989,181	11.2%	66,810,786	67,814,747	1,003,961	1.5%
Insurance Premium Tax	5,600,000	4,930,422	(669,578)	-12.0%	43,522,621	42,457,054	(1,065,567)	-2.4%
Financial Institutions Tax	934,578	931,481	(3,097)	-0.3%	4,062,000	4,074,828	12,828	0.3%
Oil & Gas Production Tax	2,263,000	3,341,411	1,078,411	47.7%	37,780,438	38,583,668	803,230	2.1%
Gaming Tax	335,000	328,272	(6,728)	-2.0%	23,994,093	23,894,993	(99,100)	-0.4%
Interest Income	138,000	53,467	(84,533)	-61.3%	6,780,737	6,609,243	(171,494)	-2.5%
Oil Extraction Tax	1,494,000	1,728,788	234,788	15.7%	21,225,567	20,780,438	(445,129)	-2.1%
Cigarette & Tobacco Tax	1,706,000	1,705,654	(346)	0.0%	34,904,439	34,903,845	(594)	0.0%
Departmental Collections	2,400,000	2,390,577	(9,423)	-0.4%	53,161,414	53,255,601	94,187	0.2%
Wholesale Liquor Tax	370,000	368,980	(1,020)	-0.3%	9,722,434	9,721,311	(1,123)	0.0%
Coal Conversion Tax	1,137,000	1,551,951	414,951	36.5%	40,725,793	40,851,758	125,965	0.3%
Mineral Leasing Fees	(63,200)	108,054	171,254	100.0%	5,504,468	5,695,562	191,094	3.5%
Bank of North Dakota-Transfer					45,000,000	45,000,000		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,192,968	1,192,968	-	0.0%
Other Transfers		5	5	0.0%	18,818,379	18,818,384	5	0.0%
Total Revenues and Transfers	50,312,378	55,307,806	4,995,428	9.9%	1,403,335,912	1,402,017,715	(1,318,197)	-0.1%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
March 2003

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	March 2001	March 2003	Variance	Percent	1999-01	2001-03	Variance	Percent
Sales Tax	19,195,137	22,457,090	3,261,952	17.0%	533,489,696	559,971,838	26,482,142	5.0%
Motor Vehicle Excise Tax *	4,900,000	4,413,996	(486,004)	-9.9%	97,056,320	103,799,574	6,743,254	6.9%
Individual Income Tax	6,635,266	1,191,476	(5,443,789)	-82.0%	328,223,176	324,591,904	(3,631,272)	-1.1%
Corporate Income Tax	6,392,785	9,806,181	3,413,397	53.4%	71,242,862	67,814,747	(3,428,115)	-4.8%
Insurance Premium Tax	5,773,189	4,930,422	(842,767)	-14.6%	34,426,415	42,457,054	8,030,639	23.3%
Financial Insitutions Tax	21,057	931,481	910,424	4323.6%	2,698,143	4,074,828	1,376,685	51.0%
Oil & Gas Production Tax**	1,517,431	3,341,411	1,823,980	120.2%	38,433,365	38,583,668	150,303	0.4%
Gaming Tax	363,303	328,272	(35,031)	-9.6%	23,278,804	23,894,993	616,189	2.6%
Interest Income	513,770	53,467	(460,303)	-89.6%	16,017,891	6,609,243	(9,408,649)	-58.7%
Oil Extraction Tax**	1,015,928	1,728,788	712,860	70.2%	23,566,635	20,780,438	(2,786,197)	-11.8%
Cigarette & Tobacco Tax	1,487,835	1,705,654	217,818	14.6%	36,759,892	34,903,845	(1,856,048)	-5.0%
Departmental Collections	1,171,342	2,390,577	1,219,235	104.1%	36,503,312	53,255,601	16,752,289	45.9%
Wholesale Liquor Tax	362,604	368,980	6,375	1.8%	8,911,749	9,721,311	809,562	9.1%
Coal Severance Tax	851,830	-	(851,830)	-100.0%	19,613,030	775,794	(18,837,236)	-96.0%
Coal Conversion Tax	1,080,181	1,551,951	471,770	43.7%	22,294,745	40,075,964	17,781,219	79.8%
Mineral Leasing Fees	579,322	108,054	(471,268)	-81.3%	7,311,437	5,695,562	(1,615,875)	-22.1%
Bank of North Dakota-Transfer	20,000,000		(20,000,000)	-100.0%	35,000,000	45,000,000	10,000,000	28.6%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,208,032	1,192,968	(15,064)	-1.2%
Other Transfers	6	5	(1)	0.0%	2,142,866	18,818,384	16,675,519	778.2%
Total Revenues and Transfers	71,860,985	55,307,805	(16,553,180)	-23.0%	1,338,178,370	1,402,017,715	63,839,345	4.8%

* Motor Vehicle Excise Tax collections were estimated for the month of March 2001 due to converting to a new computer processing system.

** Oil and gas production and extraction collections totaled \$5.3 million in March 2001 which caused biennium-to-date collections to exceed \$62 million.
\$2.7 million was reserved for deposit into the Permanent Oil Tax Trust Fund for the 1999-01 biennium.

Revenue Variances

The following comments are based on the March revenue collections compared to the new revenue forecast presented to the legislature on March 7, 2003. The March revenue forecast included actual collections through January 2003 and revenue estimates for the months of February through June 2003. This is the first month this newsletter has compared revenue collections to the new forecast.

Sales tax collections in March exceeded projections by \$3.9 million or 20.8 percent. Sales tax collections in February fell below projections by \$4.2 million so this overage for the month of March indicates that we have recouped most of the shortage experienced in February. Biennium-to-date collections are now \$348,834 or 0.1 percent below biennium-to-date projections based on the March revenue forecast.

Motor vehicle excise tax collections fell short of projections by \$980,004 or 18.2 percent, bringing biennium-to-date collections to \$1.4 million or 1.3 percent behind projections.

Individual income tax collections were insignificant in March, which is usual for this month, as a result of a great deal of individual income tax refunds being processed during the month. Once individual income tax collections for the month of April have been processed, we will then know the results of the income tax filing season.

Corporate income tax collections exceeded projections by nearly \$1.0 million or 11.2 percent, resulting in a biennium-to-date overage of \$1.0 million or 1.5 percent.

Oil and gas production tax collections exceeded projections by \$1.1 million or 47.7 percent in March, resulting in a biennium-to-date overage of \$803,230 or 2.1 percent. Oil extraction tax collections exceeded projections in March by \$234,788 or 15.7 percent. Biennium-to-date collections are \$445,129 below projections.

In total, March's revenue collections were \$4.9 million over projections for the month. Most of this overage is attributed to making up the shortfall from February's sales tax collections.

We're on the Web! www.state.nd.us/fiscal

ADDRESS SERVICE REQUESTED

Office of Management and Budget
600 East Blvd. Ave., Dept 110
Bismarck, ND 58505-0400

